OPINION

A simple, realistic, solution to the paywall maze

Indian, as well as global news media, has been experiencing a crisis in the digital era. It is time to think about alternative revenue models. Here's a way

PREMIUM

Is there a way to reduce the hassle cost for newspaper readers without adversely affecting the subscription revenue flow? (Shutterstock)

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For me, it has become a morning ritual to stumble on a paywall after reading a few gripping paragraphs of an opinion piece someone has shared. Frustrated and wondering whether I should get an online subscription for this or that news outlet, I counted that, to read all the news stories and opinion pieces of interest to me online on an average day, sticking just to Indian newspapers in English, I would need to manage at least eight subscriptions and have the relevant log-in information ready at my fingertips. This is a bit much.

Of course, the online content of newspapers cannot be free, given the cost of producing the content. From the consumer's point of view, there are two aspects of the cost of buying something we need, whether it is groceries or newspapers: The price of the item and the non-monetary cost of getting it. To get your groceries, you must go to the local market or order online and all this involves some time and effort. Let us call the non-monetary cost the hassle cost (the more formal term would be transaction cost). Is there a way to reduce the hassle cost for newspaper readers without adversely affecting the subscription revenue flow?

For printed newspapers, the standard model of delivery involves a person dropping the newspapers at your residence in the morning and collecting their dues by the end of the month. This continues to be the model in my mother's residence in Kolkata, as she steadfastly refuses to read newspapers online. However, for a more compulsive newsreader (like my late father, who passed on this trait to me), this is not enough. In addition to subscribing to a few newspapers regularly, going to the local news-stand, browsing and picking up a few more newspapers depending on the content or the need to get a broader coverage of specific events or issues, was also very much part of the ritual.

Online newspapers made browsing easier by making newspapers available at our fingertips. Therefore, technologically it made the hassle cost zero to newspaper readers in principle, while it was available for free. However, we all knew that this was a transitional phase that could not last. As printed newspapers' sales and advertisement revenue dwindle and online readership grows, the search for a new revenue model for online newspaper subscriptions has become more urgent. Online advertising is of course another channel of revenue but digital ads increasingly end up going to the giant social media sites and search engines. Therefore, many newspapers are introducing paywalls.

If all newspaper readers had fixed preferences in terms of outlets and viewed alternative outlets as substitutes, then this would not be an issue – you could subscribe to the one or two outlets that you want to read and disregard the rest, exactly as you would do with utilities like electricity or broadband.

However, the nature of news or current events means that the demand for these also depends on readers with flexible preferences. There is demand for variety - you might want to explore a particular issue from various angles. There is also an ideological or political slant - you may want to know about alternative viewpoints and a range of facts to form an opinion on an issue. In addition, different outlets have comparative advantages in terms of categories of news and opinion pieces – some are good for political coverage, some for economic coverage, and some run excellent opinion pages.

Therefore, in the case of news and views, there is likely to be a taste for variety, as in the case of music, books, or food. But that brings us back to the problem of the hassle cost of navigating multiple paywalls. Is there a model that can work better for readers (in terms of reducing the hassle cost of access) while generating a steady flow of revenue from them that newspapers badly need?

Imagine a single sign-on (SSO) portal – an authentication scheme that allows users to log in with a single ID to several independent news outlets. Call it NewsIndia for the sake of illustration. This would be no different from signing into Apple Music, Amazon or Netflix.

How about the pay model? The subscriber can pay a single annual or monthly fee for a subscription to the basic news content of all the participating outlets. There can then be a premium subscription at a higher annual fee that allows subscribers to access all content, including opinion pieces and supplements.

Some versions of this have already been tried promising to be iTunes for news. Blendle is the most popular one – launched in the Netherlands in 2014 and later expanding to Germany and the United States, it is a website that allows readers to pay for individual articles for newspapers rather than paying for monthly subscriptions. However, the model has not been able to generate profits and in 2019 it was announced that it would change its model to premium subscriptions instead of per-article micropayments.

The question is - why has this model not worked? We might find an answer in how the digital music industry has evolved. It was ironic that when Blendle entered the US in 2016 promising to be the iTunes model for digital newspapers, the digital music scene was already on the cusp of change. In 2015 Apple launched a music streaming service called Apple Music as a competitor to music streaming pioneers such as Spotify. For a small monthly subscription fee (around $10 a month), music streaming services like Apple, Spotify and Amazon offer access to 90 million songs. This has changed how people listen to music, shifting the focus from ownership (CDs or vinyl records or downloaded songs) to access. In the US, in 2021, streaming services accounted for 83% of the revenue, while physical forms accounted for 11% and digital downloads merely 4%. Only ten years ago, CDs accounted for 43% of revenue while downloads (singles and albums) a total of 36%.

This access model that streaming offers for music – or for that matter what Netflix offers for films – may offer a solution to the problem that newspapers are facing. News, in-depth stories, and opinion pieces are great examples of access goods. We do not necessarily want to “own” these stories. After all, old print newspapers are always discarded periodically (barring scrapbook-worthy items). In contrast, favourite music CDs that we want to listen to or film DVDs that we want to view from time to time are still worth holding on to.

In addition, while we want access to news and views, we do not know in advance exactly what stories we would like to read in-depth in a given morning without browsing through the paper. Having access to a digital version of a newspaper room in a library serves this purpose and a single log-in and monthly subscription (with the possibility of buying premium content at an extra charge) would minimize the hassle cost for readers while ensuring a steady revenue flow for participating newspapers. The micropayment model lets readers cherry-pick stories they want to read but this creates an uncertain, and judging by the experience of Blendle, a meagre revenue flow for the newspapers. In contrast, letting readers choose bundles of newspapers they want to read regularly will generate a steady flow of revenue.

The participating outlets will have to share the subscription revenue and not all of them may have equal demand as measured by digital access data. This is no different from a shopping mall where different shops may experience different kinds of footfall. While the subscribers may pay a basic or premium fee that allows them partial or complete access to all participating outlets, there would be no rationale for distributing the revenue generated through this portal equally among the outlets. Thus, the revenue earned by each outlet would depend on how many readers want to include that newspaper in their subscription bundle.

Indian, as well as global news media, have been experiencing a crisis in the digital era which has only gotten worse during the pandemic. It is time to think about alternative revenue models. The one proposed here could lead to a win-win situation for news outlets and readers alike.

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The views expressed are personal

https://www.hindustantimes.com/opinion/a-simple-realistic-solution-to-the-paywall-maze-101653653196786.html